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THE

Market Administrators

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BULLETIN

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Give Her The Best . . . Give Her MILK!

USDA RECOMMENDS MERGING FIVE MILK ORDERS

Merger of the Columbus, Miami Valley, Northwestern Ohio, Tri-State and Greater Cincinnati Federal milk marketing orders into a single Ohio Valley order, with consolidation and expansion of marketing areas now covered, was recommended today by the U. S. Department of Agriculture. The new territory to be added would include 31 counties in Ohio, Kentucky, Indiana, and West Virginia.

The recommended decision is based on a 13-day public hearing held in Columbus, Ohio, in June, July and December 1969, by USDA's Consumer and Marketing Service.

The hearing to consider the merger was requested by seven cooperative associations representing a substantial number of dairy farmers supplying the five markets. Major handlers also submitted proposals and testified in favor of the merger.

Similar to existing Federal milk orders, the proposed merged order would set minimum prices to dairy farmers for milk sold to dealers operating in the designated marketing area. It would not set retail prices, however.

Under the merged order, dealers would continue to pay for milk according to how it is used, and there would be three milk-use categories.

Class I would apply generally to milk for fluid or bottling use. There

would be a new Class II covering all cream items, and milk used in yogurt and cottage cheese. Class III would include milk used in other manufactured dairy products such as ice cream, butter, hard cheese, nonfat dry milk and condensed milk.

As recommended, the bottling milk (Class I) price would be computed for three zones, by adding differentials to the basic formula price (Minnesota-Wisconsin manufacturing milk plant pay price).

The differentials would be: \$1.65 per hundredweight for the Northwestern Zone (Toledo, Lima); \$1.70 for the Central Zone (Cincinnati, Dayton, Columbus); and \$1.75 for the Southeastern Zone (Coshocton, Charleston).

The Class II price would be the Minnesota-Wisconsin price plus 10 cents; and the Class III price would be the lower of the Minnesota-Wisconsin price or a butter-nonfat dry milk formula price.

All class prices would be adjusted for butterfat content, and certain adjustments would be made for distances milk must be shipped from production to consuming areas.

Other provisions of the merged order would be basically the same as those of the Greater Cincinnati

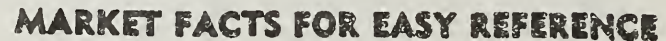
Order, but with some modifications in location adjustments and pooling provisions.

The proposed order would include a seasonal payment plan for deducting money from producers' returns in flush milk months and paying it to them later in the year, to encourage level milk production throughout the year.

In distributing the proceeds of the marketwide pool, handlers' payments for milk at class prices would be made to the market administrator. He, in turn, would make all "blend" price payments to dairy farmers and cooperatives for milk delivered to the market.

Today's decision recommends against adoption of provisions for payments to qualified cooperatives for performance of market services benefiting producers generally.

The proposed additional counties to be covered by the merged order are: IN OHIO, Adams, Auglaize, Clinton, Brown, Darke, Hardin, Highland, Hocking, Knox, Logan, Mercer, Morgan, Noble, Perry, Pike, Ross, Shelby, Vinton and Wyandot; IN KENTUCKY, Bracken, Lewis, Robertson and Mason; IN WEST VIRGINIA, Calhoun, Gilmer, Mingo, Pleasants, Ritchie and Wirt; and IN INDIANA, Dearborn and Ohio.



Mar. 1970	Feb. 1970	Mar. 1969
\$5.73*	\$5.79*	\$5.60*
6.28	6.35	6.13
4.28	4.26	4.20
8.0¢	8.0¢	7.8¢
72.8	73.8	73.3
27.2	26.2	26.7
63,309,548	55,967,066	59,039,090
962,675	877,708	1,017,767
64,272,223	56,844,774	60,056,857
98.5	98.5	98.3
2,547	2,533	2,533
75	77	93
2,622	2,610	2,626
97.1	97.1	96.5
802	789	752
414	407	353
791	778	738
3.74	3.81	3.72
1,654,160	1,690,583	1,618,375
\$3,805,916	\$3,430,281	\$3,464,456
\$327	\$328	\$297
518,472	527,354	509,407
16,998	16,048	18,925
35,146	37,214	34,806
150,571	151,384	140,899
8,167	8,062	8,819

COMPARATIVE STATISTICS

CINCINNATI MARKETING AREA

MARCH, 1961 - '70

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class			Uniform Producer Price (3.5%)	Class Prices at 3.5%			Number of Producers	Average Daily Production
			Class I	Class II	Class III		Class I	Class II	Class III		
1961	50,373,165	3.76	66.1	24.3	15.2	4.19	4.7800	3.1901	2.9600	3,887	420
1962	53,663,179	3.77	71.5	16.9	11.6	4.37	4.9000	3.6230	2.7688	3,670	472
1963	53,118,850	3.77	71.0	18.4	10.6	4.19	4.71	3.1066	2.7625	3,391	505
1964	58,236,854	3.74	64.5	17.4	18.1	4.05	4.68	3.1115	2.7875	3,272	574
1965	61,574,590	3.58	69.6	15.0	15.4	4.12	4.62	3.1125	2.8125	3,269	608
1966	66,652,945	3.74	66.8	33.2	-----	4.49	5.04	3.40	-----	3,187	675
1967	54,744,694	3.78	73.6	26.4	-----	5.11	5.55	3.91	-----	2,987	591
1968	58,202,072	3.75	77.5	22.5	-----	5.40	5.86	3.91	-----	2,728	688
1969	60,056,857	3.72	73.3	26.7	-----	5.60	6.13	4.20	-----	2,626	738
1970	64,272,223	3.74	72.8	27.2	-----	5.73	6.28	4.28	-----	2,622	791

CONSUMER DAIRY PRICES GAIN LESS THAN OTHER FOODS

In 1969, consumers paid an average 3 percent more for dairy products than during 1968, compared with an average 5 percent increase in prices of all foods. Last year the BLS retail price index for dairy products averaged 124.5 (1957-59=100). Retail dairy prices probably will continue above year-earlier levels during the first half of 1970, and likely will show little if any seasonal decline during the period.

ing the period.

Among individual dairy products, American cheese led retail dairy price advances last year, with a 5½ percent increase over 1968. Above-average gains were registered by home-delivered whole milk and skim milk sold from grocery stores. Prices of evaporated milk and store-purchased whole milk rose about average, while consumers paid only about 1 percent

more for butter and ice cream.

In 1969, the marketing margin (the spread between the retail cost and farm value) of dairy products in the market basket of U. S. farm foods advanced 2 percent over 1968. The farm value of these dairy products increased about 4 percent. Farmers received 48 cents of the consumer's dollar spent for dairy products in 1969, the same as in the previous year.

MILK CONSUMPTION FALLS

Dairy Situation, March, 1970

Consumption of milk in all dairy products last year in the United States was around 116 billion pounds milk equivalent (fat solids basis), down about 1 percent from 1968. The total consumption is comprised of (1) purchases of milk and dairy products by civilians and by the Armed Forces within the country; (2) donations of dairy products to welfare and school lunch programs and to the military services; and (3) milk and butter used on farms where produced.

Purchases last year by civilians and the Armed Services dropped slightly from 1968, and consumption of butter and milk on farms where produced continued its downtrend.

In 1969, USDA donations of dairy products to civilian programs were

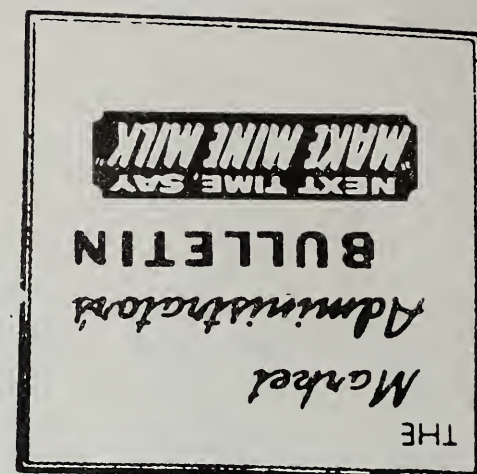
equivalent to about 4 billion pounds of milk, about the same as in 1968. USDA donated more butter, nonfat dry milk, and evaporated milk for use in civilian programs than in 1968, but less cheese, because supplies of cheese for donation were down. Donations to the Armed Forces fell off.

Per capita civilian consumption of milk in all dairy products was 565 pounds (milk equivalent, fat solids basis) in 1969, down nearly 2 percent from a year earlier. This was sharper than the previous year's 1 percent decline, which was small because of increased USDA dairy product donations.

In 1970, total and per capita civilian consumption of milk in all dairy products likely will decline at about

the same rates as in 1969. USDA donations of butter, nonfat dry milk, and evaporated milk for use in school lunch and direct distribution programs may continue near 1969 levels, but donations of cheese likely will be limited by supplies. Sales per person likely will be down and farm household use of home-produced milk will continue to trend downward.

Reflecting smaller use of dairy products containing fat, domestic milkfat consumption in 1969 fell to about 4.1 billion pounds from the previous year's 4.2 billion. This amounted to 21 pounds of milkfat consumed per person last year. Use of milk solids-not-fat totaled 8.3 billion pounds, slightly above 1968, and around 42 pounds per person.



CHEESE PRODUCTION ZOOMS, BUTTER SLIPS

Dairy Situation, March, 1970

In response to a robust cheese market, increased milk supplies are moving into cheese plants. American cheese production started exceeding year-earlier levels in June, and since December it has been up a sharp 18 percent. Output of other cheese types increased throughout 1969 and was up 10 percent in the fourth quarter.

On the other hand, butter production continued below year-earlier levels throughout 1969, and since November has been down an average 5 percent. Except for 1966, butter output last year was the lowest since 1920. Nonfat dry milk output followed the decline in butter last year and was down about 10 percent. Part of the decline resulted from lower butter output (since much nonfat dry milk is jointly produced with butter). Part came about because of greater demand for solids-not-fat in other dairy products.

Cheese production will likely continue sharply above year-earlier levels in the first half of 1970, but lesser gains may occur in the second half. Butter and nonfat dry milk output may continue below last year's levels in the first half. Most other manufactured dairy products except frozen desserts may show some drop in output this year.

Last year about 58.7 billion pounds

Market Quotations

MARCH
1970

MINNESOTA - WISCONSIN PRICE SERIES	\$4.58
Butter-Powder Price	4.28
Average Price per lb. 92-score butter at Chicago	.6795
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants	.2318

of milk equivalent went into processed dairy products, around 1 percent less than in 1968. More milk was used for cheese and evaporated milk, less for butter, condensed milk, and dry whole milk. About the same amount of milk was used in making frozen desserts as in 1968.

1970 MILK PRODUCTION MAY CHANGE LITTLE

Dairy Situation, March, 1970

Milk production in 1970 will likely change little from the 116.2 billion pounds of last year. In recent months, milk output has averaged about the same as a year earlier. Milk cow numbers are declining about 2 percent, and output per cow has been gaining by about as much.

The cow number decline is expected to slow further from the 2.7 percent drop in 1969. Although prospects are for a strong beef cattle market, farmers' prices for milk also are rising, and the milk-beef as in 1969.

With the growth in our economy slowing, off-farm employment opportunities for dairy farmers and dairy labor may not be as favorable in 1970 as in recent years. Also, the supply of replacement stock on January 1 was at a relatively high level.

Heavy feeding rates and increased milk production per cow are likely. The milk-feed price ratio continued at a record level in 1969 and will likely remain high during 1970. Forage supplies appear adequate.

First half production in 1970 may be slightly above the 1969 level, because the small gains in output per cow already are offsetting the slackening decline in cow numbers. And in recent years production per cow has tended to rise more after the first quarter. However, despite the favorable milk-feed price ratios and record-high levels of grain and concentrate feeding, output per cow continues to rise less than the long-run 3 percent average rate.